

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 SAM-01 CIAE-00 DODE-00 PM-03 H-02

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E.O. 11652: N/A

TAGS: TGEN, ENRG, PO

SUBJ: PRESIDENTIAL ANNOUNCEMENT ON U.S. URANIUM ENRICHMENT
CAPACITY

REF: STATE 150290

1. EMBASSY OFFICERS DISCUSSED INFO CONTAINED REFTEL WITH
ENG. FERNANDO IVO GONCALVES, ADMINISTRATOR OF COMPANHIA
PORTUGUESA DE ELECTRICIDADE (CPE), AND WITH UNDER SECRETARY OF
STATE FOR INDUSTRIAL PROGRAMMING ENG. RUI DE MATOS OLIVEIRA
SERGIO. BOTH OFFICIALS EXPRESSED SATISFACTION THAT THIS STEP
HAD BEEN TAKEN, THEREBY STRENGTHENING PREVIOUS USG GUARANTEES
OF NUCLEAR FUEL SUPPLIES FOR HOLDERS OF CONDITIONAL CONTRACTS.
QUESTION AROSE ABOUT PRECISE PROCEDURES FOR NEGOTIATING CON-
TRACTS WITH FUTURE PRIVATE U.S. URANIUM FUEL PRODUCERS AND
ABOUT METHOD OF TRANSFORMING CURRENT CONDITIONAL CONTRACTS
WITH USG INTO CONTRACTS WITH U.S. PRIVATE SECTOR. IN REGARD
LATTER QUESTION, GOP OFFICIALS PUZZLED AS TO HOW USG WOULD
FULFILL ITS GUARANTEE IF CONGRESS DOES NOT REPEAT NOT APPROVE
ESTABLISHMENT OF PRIVATELY-OWNED U.S. URANIUM ENRICHMENT
COMPANIES OR IF COMPANIES, ONCE ESTABLISHED, FAIL TO MEET
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THEIR CONTRACTS.

2. DESCRIBING CURRENT STATUS OF PORTUGAL'S NUCLEAR ENERGY PROGRAM, GOP OFFICIALS STATED THEY HAVE REVISED THEIR PLANS CONSIDERABLY. THESE CHANGES RESULT FROM LOWER PROJECTIONS FOR PORTUGAL'S FUTURE ELECTRICITY NEEDS BECAUSE CONSUMPTION IN FIRST HALF OF 1975 SHOWED VIRTUALLY NO INCREASE OVER 1974. AS FIRST STEP, GOP HAS REDUCED NUMBER OF ITS NUCLEAR FUEL CONDITIONAL CONTRACTS WITH USG FROM TWO TO ONE. IN ADDITION, ANTICIPATED INAUGURATION OF PORTUGAL'S FIRST NUCLEAR ENERGY PLANT HAS BEEN POSTPONED FROM 1981 TO, AT LEAST, 1983. HOWEVER, CAPACITY OF THIS FIRST PLANT, AN ISSUE WHICH IS STILL BEING DEBATED, WILL LIKELY EXCEED 1,000 MW, I.E., SUBSTANTIALLY LARGER THAN PREVIOUSLY PLANNED.

3. PORTUGUESE OFFICIALS EMPHASIZED THEIR INCREASED FLEXIBILITY GIVEN REDUCED RATE OF GROWTH IN NATION'S ELECTRICITY CONSUMPTION SHOULD CURRENT PROJECTIONS FOR CONSUMPTION PROVE TO BE OVERLY PESSIMISTIC, THEY SAID, GOP WOULD BE PREPARED CONSIDER INSTALLATION OF GAS TURBINE FACILITIES. MOREOVER, GOVERNMENT EXPECTS TO APPROVE, IN NEXT FEW MONTHS, PLANS TO BUILD ALQUEVA DAM AND RELATED ELECTRICAL GENERATING INSTALLATIONS IN ALENTEJO AT A COST OF APPROXIMATELY \$170 MILLION.
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